

South Dakota Science and Technology Authority Board of Directors
Telephonic Meeting Minutes
Tuesday, December 22, 2015
Lead, South Dakota

The Board of Directors of the South Dakota Science and Technology Authority convened at 9:31 AM Mountain Time (MT) on Tuesday, December 22, 2015, via teleconference. Listening posts for the public were established at the office of the SDSTA at 630 E. Summit Street, Lead, South Dakota, and at the conference room of the South Dakota Department of Tourism and State Development, 711 East Wells Avenue, Pierre, South Dakota.

MEMBERS OF THE BOARD IN ATTENDANCE BY TELEPHONE

Dr. Ani Aprahamian
Mr. Paul Christen
Mr. Dana Dykhouse, Vice-Chairperson
Ms. Patricia Lebrun, Secretary/Treasurer
Mr. Casey Peterson, Chairperson
Mr. Ron Wheeler, Vice-Chairperson
Dr. Robert Wilson

MEMBERS OF THE BOARD WHO WERE NOT IN ATTENDANCE

Dr. Heather Wilson

SDSTA STAFF IN ATTENDANCE

Ms. Nancy Geary, Chief Financial Officer
Mr. Mike Headley, Executive Director
Ms. Sharon Hemmingson, Business Services and Contracts Manager
Ms. Mandy Knight, Administrative Services Manager
Mr. Tim Engel, Legal Counsel (*by telephone*)
Mr. Walter Weinig, Laboratory Director (*by telephone*)

ALSO PRESENT DURING ALL OR PART OF THE MEETING

No other persons were present.

ITEM 1. – CALL TO ORDER

Chairman Casey Peterson called the meeting to order. All members, except Dr. Heather Wilson, were present by roll call.

Chairperson Peterson asked participants to introduce themselves.

ITEM 2. – APPROVE AGENDA

Chairman Peterson requested a motion to approve the agenda.

Motion by Mr. Christen and second by Ms. Lebrun to accept the agenda as presented. By roll call vote, the motion passed unanimously.

ITEM 3. – DISCUSS THE ROSS SHAFT REHABILITATION CONTRACT WITH LAWRENCE BERKELEY NATIONAL LABORATORY (LBNL)

Legal counsel Mr. Tim Engel said SDSTA has been working with LBNL on a contract and said the contract is basically a funding mechanism for the Ross Shaft work. The amount is a little over \$6.5M and calls for work to be done the same way it has been done up to this point.

He said SDSTA's request for a waiver of the bond requirement waiver was rejected, so the Department of Energy (DOE) and LBNL will require a payment bond. The proposed motion gives the Chairperson, Mr. Headley and Mr. Engel the authority to continue to negotiate in the time allowed. The contract also requires that the SDSTA have insurance that insures University of California Regents, the governing body of LBNL; they request the insurance to be primary and non-contributory. Mr. Engel and SDSTA staff are working on a solution to purchase additional insurance that would cover this contract and a few other contracts with Fermilab. In conclusion, Mr. Engel said he reviewed the contract, made some comments, asked LBNL for a few changes and does not have any objection to the board approving it.

Vice-Chair Ron Wheeler asked the cost of the performance bond. Business Services and Contracts Manager Ms. Sharon Hemmingson said she had been asked to include pricing as an option and the quote is \$133,000.00. This cost would be included in the SDSTA-LBNL contract so they would pay it as a reimbursable expense. Dr. Robert Wilson asked the cost of insurance. Mr. Engel replied insurance to cover this contract and a few other contracts with Fermilab is \$50,000 for a tower of \$15M coverage, which may not be needed. Vice-Chair Wheeler said he believes that would be built into the SDSTA overhead and LBNL will pay that also. Executive Director Mr. Mike Headley concurred. Secretary/Treasurer Pat Lebrun asked if this would be in addition to SDSTA's other insurance. Mr. Engel said it would be.

Motion by Mr. Wheeler and second by Dr. Aprahamian to approve the contract as presented, and to authorize the chairperson, in consultation with the executive director and legal counsel, to negotiate the final terms and execute the contract. By roll call vote, the motion passed unanimously.

Dr. Robert Wilson asked if the \$50,000 for the insurance was anticipated in the budget in the coming year and if the overhead would need to be re-negotiated. Chief Financial Officer Ms. Nancy Geary replied no and said the overhead would be figured yearly as it always is and then determined at fiscal year-end 2016. It would be included with all indirect charges. She said there should be no cash-flow issues.

ITEM 4. – DISCUSS LOAN AGREEMENT WITH SOUTH DAKOTA STATE UNIVERSITY (SDSU) FOUNDATION

Vice-Chairperson Wheeler reported that with the help of Vice-Chair Dana Dykhouse, the SDSU Foundation board has committed to a \$2M loan to purchase xenon for the LUX-ZEPLIN (LZ) experiment. He said the loan would most likely take the same form as the South Dakota Community Foundation (SDCF) loan. The only other variable could be when the SDSTA can draw out the money. He said the foundation is discussing to push out the first draw to January of 2017. Mr. Engel will be working with the SDSU Foundation attorney on the terms of the loan agreement. Mr. Wheeler said he is pleased with the SDSU Foundation and asked if there were any questions. He said he would be talking to the University of South Dakota Foundation next.

Dr. Robert Wilson referred to the SDSU Foundation letter dated December 16, 2015 and noted Mr. Wheeler's title is listed incorrectly as Executive Director. Mr. Wheeler said it is not germane to the loan and that the loan will be the legal document.

Motion by Ms. Lebrun and second by Mr. Christen to approve the loan from SDSU Foundation for the purchase of xenon, to authorize the Chairperson, in consultation with Vice-Chairperson Ron Wheeler and SDSTA legal counsel, to negotiate the final terms of the loan agreement, and to authorize the Chairperson to execute the loan agreement. By roll call vote, the motion passed unanimously.

ITEM 5. – DISCUSS XENON PURCHASE

Vice-Chair Wheeler stated that the first 500,000 liters of xenon that was purchased averaged \$6.21 per liter. He said Ms. Hemmingson and Sanford Underground Research Facility Deputy Head Dr.

Murdock Gilchriese are in the process of requesting bids for the next 500,000 liters of xenon from suppliers, and would like the authorization to place the xenon order, if the prices are favorable. Vice-Chairperson Wheeler said there could be more buyers in the market next year with the new experiments. He said the payment is not due until delivery and should not create a cash flow issue. Dr. Robert Wilson asked if there is a cost associated with storage. Vice-Chairperson Wheeler replied not to his knowledge, and said that all xenon purchases are shipped to Stanford Linear Accelerator (SLAC) in California. Mr. Paul Christen asked how many liters of xenon in total will be purchased. Vice-Chairperson Wheeler replied 1.5 million liters.

Motion by Mr. Christen and second by Mr. Dykhouse to approve the purchase of xenon contingent upon a final signed agreement between SDSTA and the SDSU Foundation. By roll call vote, the motion passed unanimously.

ITEM 6. – BOARD COMMENTS

Mr. Dykhouse thanked Mr. Wheeler for his efforts to convince the SDSU Foundation to make the loan for xenon.

Mr. Wheeler thanked Mr. Dykhouse and said he hoped prices are good for xenon. He wished everyone a Happy Holiday.

Mr. Christen wished everyone a Happy Holiday.

Ms. Lebrun seconded all the comments already made.

Dr. Aprahamian congratulated SDSTA for being forward thinking and wished everyone a Happy Holiday.

Chairperson Peterson said the momentum is very fast and he is pleased that everyone is staying ahead. He wished everyone a Merry Christmas, Happy New Year and Happy Holidays.

Chairperson Peterson reminded members the next board meeting will be held on St. Patrick's Day on Thursday, March 17 at 9:00 AM (MT).

ITEM 7. – ADJOURN

Chairperson Peterson asked for a motion to adjourn.

Motion by Mr. Wheeler and second by Dr. Aprahamian to adjourn. By roll call vote, the motion passed unanimously.

The meeting adjourned at 9:54 AM (MT) on December 22, 2015.